

United States Senate  
Commerce Committee  
Hearings on Media Consolidation  
253 Russell Senate Office Building  
July 17, 2001  
9:30 A.M.

Statement by William F. Baker  
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Chairman Hollings, Distinguished Senators, thank you for inviting me here to speak about an issue that cuts to the very heart of our national spirit and public vitality.

I am president and CEO of public television station Thirteen/WNET New York. Before coming to Thirteen, I served a dual role as President of Westinghouse Television, Inc. (from 1979) and Chairman of Group W Satellite Communications (from 1981). This background in public and commercial broadcasting has given me a broad perspective on the issues before this committee today.

Arguably the most important entitlements Americans possess are the rights to free speech and an independent press. These rights are pillars of our Constitution and make our way of life a model that is admired in every corner of this planet.

Today, however, trends in the media industry and regulatory policy are severely threatening free, independent and diverse expression in America. The two rules being examined by this committee – national television station ownership caps and cross-ownership of television and newspaper outlets in the same market – were put in place for a simple and essential reason: to ensure that control over news, information and the expression of ideas did not fall into the hands of a few powerful players.

But this is exactly what has happened in a few short years. In 1983, 50 companies controlled more than half of the media in the United States.<sup>1</sup> On paper at least, a mere 50 companies controlling most of American media would seem to be cause for concern. But today, just 20 years later, the number has dropped to six. Six gigantic corporations<sup>2</sup> control the vast majority of television, cable, radio, newspapers, magazines and the most popular Internet sites – and consequently, the majority of information, public discourse, and even artistic expression – in the United States.<sup>3</sup>

We have on our hands what one might very well call a “merger epidemic” in the media industry. And like any other epidemic, this is an unhealthy one.

If ownership caps are repealed, television will surely follow the example of radio. Since the passage of the 1996 Telecommunications Act, 10,000 radio station transactions worth approximately \$100 billion have taken place. As a result, there are 1,100 fewer station owners today, down nearly 30 percent since 1996.<sup>4</sup>

Before 1996, the largest owner of radio stations in America controlled some 60 stations. Now, one company owns about 1,200 and two others own more than 200 each. Consequently, in nearly half of the largest markets, the three largest companies control 80 percent of the radio audience.<sup>5</sup>

The numbers show that competition is not increasing. While the number of channels may be slightly on the rise, the number of owners is dropping. And, where free and independent media is concerned, it is the number of owners, not the number of stations or channels, that matters.

The media hold a special place in our society. By helping us learn about the world, exchange ideas and understand who we are, they help enable our conscience as

individuals and as a free people. When they are treated as mere economic products, they simply cannot play the vital social and cultural roles that make them so central to our way of life.

I ask you this: Can a journalist objectively cover the news when his parent company is one of the world's largest conglomerates, with financial interests in nearly every corner of the national and global economies? When a local newscast focuses on the "real-life" story behind that evening's "Movie of the Week" sent down from the network, shouldn't we raise our eyebrows? If a television news editor is under pressure from top brass to increase ratings, which of the following stories will she give priority: Julia Roberts' new boyfriend or a school board debate over teaching standards? As one independent journalist has written: "When commercial interests are set against democratic or professional values it is inevitable that the interests of the market take priority."<sup>6</sup>

This is self-evident. Cost-cutting to improve margins diminishes diversity. Throughout America, media giants are closing news rooms, merging staff, and producing multiple newscasts on different stations from the same source. A healthy trend for the corporate bottom line, but where does it leave local viewers looking for varying perspectives?

Quality is another casualty. When the main objective behind every minute of airtime is to maximize profits, standards take a back seat to better margins. Trawling for eyeballs becomes commonplace. No wonder the airwaves are seething with sensationalism and empty technical glitz. Barely concealed behind every new blockbuster series is the fevered battle of media titans over ratings and ad dollars.

Logically, we must also be wary of cross-ownership between broadcast media and newspapers. Although some have argued that the two industries are distinct and so should be treated separately, I believe that the final measures should be the overall

quality, diversity and objectivity of the information being delivered in a given market.

We need various print and broadcast outlets to serve as local critics of one another. Can we truly expect the management of a company that owns both a broadcaster and a newspaper in the same market to operate those two media outlets with distinct, discreet and independent editorial voices? If the answer is no, and I think it clearly is, then when that situation exists in a given market, we have lost a pair of diverse and antagonistic voices in that market. And therefore, we have lost what the Supreme Court views as essential conditions for a vigorous marketplace of ideas.

The underlying motivation for commercial producers is to increase shareholder returns. Good business? Yes. But broadcasting is not only a business. And it must not be allowed to become only that. It is a public trust. Like our national parks, the airwaves belong to the people. The people have granted commercial broadcasters free license to this precious national resource with the understanding that they will be used in the public interest. This was established by the Communications Act of 1934.<sup>7</sup>

Deregulation has made fundamental changes in the industry and ramifications extend throughout the national and global economies. But it is not too late to slow, stop and even reverse the trend that has been threatening the very foundations of free, unhindered, independent media in our nation.

<sup>1</sup> "The Media Monopoly," Ben Bagdikian.

<sup>2</sup> AOL-Time Warner, Disney-ABC, General Electric-NBC, Viacom-CBS-Westinghouse, NewsCorp-Fox, and Bertelsmann. (Cited in "Legal Project to challenge Media Monopoly" by Dorothy Kidd, in Media Alliance's *MediaFile*, May/June 2001.)

<sup>3</sup> "Each of the dominant six firms now owns the major companies that create the content of the mass media, like newspapers, magazines, book publishing houses, and movie and TV production studios. Each of them has also acquired the next step, the national delivery systems for the programming they control or lease, like broadcast networks and cable. And finally, each has acquired or shared ventures with the ultimate

delivery mechanism into each American home and office, the telephone company lines, cable systems and satellite dishes. (Ben H. Bagdikian, *The Media Monopoly*. Beacon Press, Boston, 2000. p. xvii.)

<sup>4</sup> According to BIA Financial Network, as cited in “One Big Happy Channel?” by Eric Boehlert (Salon.com, June 28, 2001)

<sup>5</sup> “Making Media Democratic” by Robert W. McChesney (Boston Review, November, 1998)

<sup>6</sup> Bettina Peters, “Corporate Media Tends in Europe,” (The Campaign for Press and Broadcasting Freedom, November 2000.)

<sup>7</sup> Peter Franck, of the National Lawyers Guild Committee on Democratic Communications, quoted in “FCC Says to Hell with the Public Interest” by Camille Taiara (Media Alliance’s *MediaFile*, December 1999.)

“The 1934 Public Broadcasting Act very clearly declared airwaves to be public property,” says Franck.

“It’s a natural resource that exists by the laws of physics. Yet these corporations got, for nothing, spectrum worth millions and millions of dollars. That’s just welfare for the already very rich.”